

- 1 a Operating Activity
- b Operating Activity
- c Operating Activity
- d Operating Activity
- e Investing Activity
- f Cash and Cash Equivalents
- g Financing Activity Overdraft is a borrowing
- h Financing Activity
- i Investing Activity
- j Financing Activity
- k Operating Activity
- l Financing Activity
- m Financing Activity
- n Investing Activity
- o Operating Activity
- p Investing Activity
- q Operating Activity
- r Operating Activity

- 2
- a Financial Non Financial
- b Operating Investing
- c Operating Investing
- d Financing Financing
- e Operating Investing
- f Operating Financing
- g Operating Financing

3 a Cash Inflow 110000

b	Cash Inflow	
c	Cash Outflow	
d	No Cash Flow	
e	No Cash Flow	
f	No Cash Flow	
g	Cash Outflow	
4 a	Cash Outflow from Investing activity	50000
	No Cash Flow	200000
b	Cash Outflow from Investing activity	250000 Investment
	Cash Inflow from investing activity	50000 Dividend
c	Cash Inflow from investing activity	60000

5		
	Balance in Surplus as on 31-Mar-2021	1000000
Less	Balance in Surplus as on 31-Mar-2020	500000
	Addition to Surplus in 2020-2021	500000
Add	Proposed Dividend for year ended 31-Mar-2020	400000
	Net Profit before tax and extra ordinary items	900000

Note :

Proposed dividend for the year ended 31-Mar-2020 is assumed to be paid this year
It is added back here as it is deducted for arriving at the balance in Surplus as on 31-Mar-2021.
Dividend Payable in balance sheet is a liability and does not impact Net Profits

6		
	Balance in Surplus as on 31-Mar-2021	720000
Less	Balance in Surplus as on 31-Mar-2020	400000

	Addition to Surplus in 2020-2021	320000	
Add	Proposed Equity Dividend for year ended 31-Mar-2020	160000	
Add	Interim Dividend	40000	
Add	Preference share dividend	60000	(2019-2020)
	Net Profit before tax and extra ordinary items	580000	

Note :

Proposed dividend for the year ended 31-Mar-2020 is assumed to be paid this year
It is added back here as it is deducted for arriving at the balance in Surplus as on 31-Mar-2021.
Unpaid Dividend in balance sheet is a liability and does not impact Net Profits
Since equity dividend is paid so the preference share dividend must have been paid

7	Balance in Surplus as on 31-Mar-2021	200000	
Less	Balance in Surplus as on 31-Mar-2020	145000	
	Addition to Surplus in 2020-2021	55000	
Add	Proposed Equity Dividend for year ended 31-Mar-2020	50000	
Add	Interim Dividend	10000	
Add	Provision for Tax	50000	CY
	Net Profit before tax and extra ordinary items	165000	

8	Closing Balance of Surplus	336000	
Less	Opening Balance of Surplus	100000	
	Addition to Surplus in 2020-2021	236000	
Add	Dividend paid in the current year	72000	
Add	Interim Dividend	90000	
Add	Transfer to Reserves	100000	(Appropriation of profits)

Add	Provision for Tax	150000	(non cash item)
Add	Loss due to earthquake	200000	(Extra Ordinary Loss)
		848000	
Less	Refund of Tax	3000	
Less	Insurance proceeds for loss due to earthquake	100000	(Extra Ordinary Income)
	Net Profit before tax and extra ordinary items	745000	

Note :

Refund of tax is deducted as it is credited to Profit and Loss A/c and hence is included in balance in Surplus

9	Closing Balance of Surplus	672000	
Less	Opening Balance of Surplus	-200000	
	Addition to Surplus in Current Year	872000	
Add	Dividend paid in the current year	144000	
Add	Interim Dividend	180000	
Add	Transfer to Reserve	200000	(Appropriation of profits)
Add	Provision for Tax	300000	(Profit before tax is required)
Add	Loss due to earthquake	400000	(Extra Ordinary Loss)
		2096000	
Less	Refund of Tax	6000	
Less	Insurance proceeds for loss due to earthquake	200000	(Extra Ordinary Income)
	Net Profit before tax and extra ordinary items	1890000	
10	Net Profit before tax and extra ordinary items	447000	

Add	Non Cash Expenses		
	Depreciation on Machinery	84000	
	Goodwill Amortised	18600	
Less	Non Cash Income		
Add	Non Operating Expenses and Losses		
	Interest on Borrowings	16800	
	Loss on sale of furniture	18000	
Less	Non Operating Income and Gains		
	Gain on sale of investments	12000	
	Interest and Dividend received on investments	27600	
	Operating Profit Before working capital changes	544800	

11	Balance in Surplus as on 31-Mar-2021	170000	
Less	Balance in Surplus as on 31-Mar-2020	100000	
	Addition to Surplus in 2020-2021	70000	
Add	Dividend paid in the current year	0	
Add	Interim Dividend	0	
Add	Transfer to General Reserve	100000	(Appropriation of profits)
Add	Provision for Tax	100000	(Profit before tax is required)
		270000	
Less	Refund of Tax	0	
	Net Profit before tax and extra ordinary items	270000	
Add	Non Cash Expenses		

	Depreciation for the year	75000
Less	Non Cash Income	0 (Not required to show. It is shown here only for information)
Add	Non Operating Expenses and Losses	0 (Not required to show. It is shown here only for information)
Less	Non Operating Income and Gains	0 (Not required to show. It is shown here only for information)

Operating Profit Before working capital changes 345000

12	Balance in Surplus as on 31-Mar-2021	80000
Less	Balance in Surplus as on 31-Mar-2020	60000
	Addition to Surplus in 2020-2021	20000
Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	0
		20000
Less	Refund of Tax	0
	Net Profit before tax and extra ordinary items	20000
Add	Non Cash Expenses	
	Depreciation for the year	10000
	Goodwill written off	8000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0

	Operating Profit before working capital changes	38000
Add	Decrease in Current Assets	
	Trade Receivables	6000
	Prepaid Insurance	1000
	Increase in Current Liabilities	
Less	Increase in Current Assets	
	Inventories	20000
	Decrease in Current Liabilities	
	Outstanding Rent	9000
	Trade Payables	6000
	Cash Generated from operations	10000

13	Net Profit after provisionf for tax and payment of dividend	215000
Add	Dividend paid in the current year	50000
Add	Interim Dividend	0
Add	Transfer to General Reserve	0
Add	Provision for Tax	45000
		310000
Less	Refund of Tax	30000
	Net Profit before tax and extra ordinary items	280000
Add	Non Cash Expenses	
	Depreciation for the year	25000
	Goodwill written off	0
	Patents amortised	30000

Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	
	Loss on sale of machinery	10000
Less	Non Operating Income and Gains	0
	Gain on sale of land	70000
	Operating Profit before working capital changes	275000
Add	Decrease in Current Assets	0
Add	Increase in Current Liabilities	0
Less	Increase in Current Assets	0
Less	Decrease in Current Liabilities	0
	Cash Generated from operations	275000

It seems that the solution given in the book Rs 260000 is not correct

14	Profit for the year	700000
Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	60000
Add	Provision for Tax	0
		760000
Less	Refund of Tax	0
	Net Profit before tax and extra ordinary items	760000

Add	Non Cash Expenses	
	Depreciation for the year	40000
	Goodwill written off	20000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of land	90000
	Operating Profit before working capital changes	730000
Add	Decrease in Current Assets	
	Prepaid Expenses	8000
	Increase in Current Liabilities	
Less	Increase in Current Assets	
	Trade Receivables	15000
	Decrease in Current Liabilities	
	Trade Payables	25000
	Cash Generated from operations	698000

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	Net profit after charging depreciation and transfer to reserve	100000
Add	Dividend paid in the current year	0
Add	Interim Dividend	0
Add	Transfer to General Reserve	30000
Add	Provision for Tax	0
		130000

Less	Refund of Tax	0
	Net Profit before tax and extra ordinary items	130000
Add	Non Cash Expenses	
	Depreciation for the year	20000
	Goodwill amortised	7000
Less	Non Cash Income	0
Add	Non Operating Expenses and Losses	0
Less	Non Operating Income and Gains	0
	Gain on sale of machinery	3000
	Operating Profit before working capital changes	154000
Add	Decrease in Current Assets	
Add	Increase in Current Liabilities	
	Trade Payables	6000
Less	Increase in Current Assets	
	Trade Receivables	3000
	Prepaid Expenses	200
Less	Decrease in Current Liabilities	
	Outstanding Expenses	2000
	Cash Generated from operations	154800